

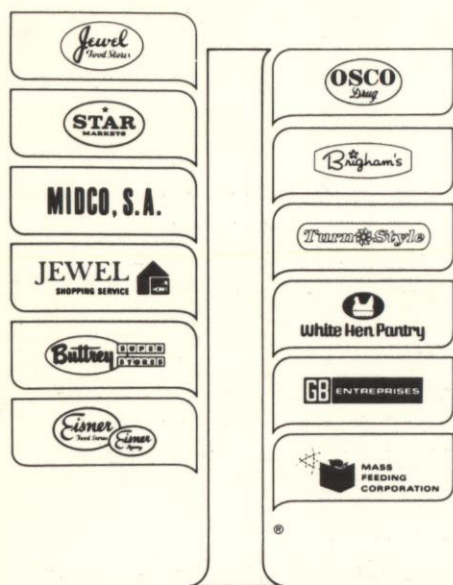
CLEVELAND PUBLIC LIBRARY  
BUSINESS INF. BUR.  
CORPORATION FILE



Annual Report 1971







## JEWEL COMPANIES, INC. RESULTS IN BRIEF

(Dollars in thousands except per share figures)	1971 % to Total	Fiscal Year 1971	Fiscal Year 1970	% Increase 1971 Over 1970
<b>Sales:</b>				
Supermarkets .....	73.6%	\$1,332,480	\$1,218,695	9.3%
Drug Stores .....	11.3	204,795	179,835	13.9
Self-Service Department Stores.....	8.1	145,932	110,012	32.7
Direct Marketing Division.....	4.5	81,247	81,039	.3
Restaurants .....	1.0	18,891	16,826	12.3
Other Sales and Revenues.....	1.5	26,416	22,089	19.6
Total Sales .....	100.0%	1,809,761	1,628,496	11.1
Net Earnings for the Year.....		26,637	23,962	11.2
Percent to total sales.....		1.5%	1.5%	
Percent to shareholders' average investment.....		12.7	13.1	
Common Shares Outstanding—Average (000's).....		7,349	7,104	3.4
Earnings Per Common Share.....		\$3.61	\$3.36	7.4
Dividends Paid Per Common Share.....		1.55	1.50	3.3
New Property, Plant and Equipment (net):				
Jewel Companies, Inc.....		\$ 45,546	\$ 37,749	
Real estate affiliates.....		15,649	21,418	
		As of Jan. 29, 1972	As of Jan. 30, 1971	
Net Working Capital (in thousands).....		\$ 60,424	\$ 79,090	
Ratio of Current Assets to Current Liabilities.....		1.4 to 1	1.6 to 1	
Shareholders .....		14,165	14,486	
Full-Time Employees .....		20,670	21,033	



### RECORD SALES, EARNINGS AND DIVIDENDS IN 1971

Jewel Companies, Inc. sales for 1971 were a record \$1,809,761,000, a gain of \$181,266,000 or 11.1% over fiscal 1970 sales. Net earnings increased for the eighth consecutive year to \$26,637,000, 11.2% or \$2,675,000 over net earnings of 1970. Earnings per share were \$3.61 compared to \$3.36 last year.

Recognizing this earnings trend, the Directors increased the common dividend paid in September, 1971 to 40¢ per share from 37½¢, and it is now at the annual rate of \$1.60 per share. Dividend payments have increased in each of the past seven years.

### THE STRENGTHS AND CHALLENGES OF DIVERSIFICATION

1971 was a challenging year for Jewel. Our increase in net earnings resulted from a lower effective tax rate rather than, as we had planned, from improved pre-tax earnings. We were disappointed in the size of domestic operating earnings in relation to our expectation, principally because of the entry into new markets undertaken by Turn\*Style and Osco in 1970-71. We underestimated the cost of those market extensions. However, most of these stores contributed to earnings in the 4th quarter of 1971.

Our domestic operating results of major business segments in 1971 in comparison with 1970 were:

	Total Sales Increase	Increase in Sales of Identical Stores	Change in Income Contribution
Supermarket			
Operations . . . . .	9.3%	4.6%	+ 5.0%
General Merchandise			
Operations . . . . .	21.0	3.9	-10.8
All Others . . . . .	5.5		+ 6.5

Our four supermarket companies, the Direct Marketing Division, the more mature general merchandise units, and our fast-growing White Hen Pantry Division all achieved increases in their 1971 earnings. Manufacturing facilities continued to be a growing source of income. Brigham's earnings from its ice cream shops and restaurants were off but with modest impact on total results. Contributing to Brigham's decline was its entry into the Chicago market.

Our effective tax rate proved to be lower than we had originally thought, due to the passage of new tax legislation which included a provision for investment tax credit. Jewel recorded the investment tax credit on qualified equipment purchases in 1971 as a reduction in federal income taxes. This added 21¢ per share to net earnings.

Except for substantial amounts of time spent, during the wage-price freeze and now in Phase II, in understanding and assuring our compliance with the guidelines, we do not believe price and wage controls had more than a modest detrimental impact on operating results.

### ACCOMPLISHMENTS OF 1971

Numbers do not tell the whole Jewel story. Thus, we wish to capsule a few activities within each company to illustrate that 1971 was a year of varied accomplishments for Jewel people in their continuing efforts to better serve customers today and tomorrow.

#### The Food Stores

**Buttrey**, while achieving a year of outstanding overall success, initiated its planned growth into the states of Oregon and Washington with the opening of a 52,500 sq. ft. combination store in Yakima, Washington in partnership with Osco Drug. Buttrey undertook an addition to its Great Falls warehouse which will permit the transfer of its meat processing facility from Havre to Great Falls and will enable Buttrey to expand its line of frozen foods.

**Eisner's** growth into the Indiana market resulted in a reorganized management structure with the designation of Indiana as a separate operating area. Eisner people became the first to introduce 24-hour food stores in several of their marketing areas. New stores contributed to a substantial increase in Eisner profits.

**Jewel Food Stores** opened 16 "Family Centers" in 1971. A store which is more than a typical food store but less than a complete Jewel-Osco Drug combination, a Family Center fills a specific void in those locations which benefit from some general merchandise business but which typically cannot support a complete Jewel-Osco, either because of market or space limitations. In the fall of 1971, Jewel Food Stores began operating its new Hillfarm Ice Cream Plant to serve the needs of both Jewel and Eisner. In August, Jewel Food Stores entered a new market, Kalamazoo, Michigan, with good success. To manage planned growth outside metropolitan Chicago, and to better meet opportunities in established markets, the Jewel Food Stores management team was strengthened early in the year with the appointment of additional officers and with a restructuring of responsibilities designed to get at problem-solving in team fashion.

In the very competitive and depressed New England market, our people in **Star Markets** had an outstanding year in earnings growth because of good sales and rigid expense controls. We share their pride in calling their stores the "Uncommon Market." Star made significant progress in improving its bakery manufacturing operation's contribution to earnings and it started construction on a meat distribution terminal.



**White Hen Pantries** opened 56 convenience stores during 1971, on a base of 76 at the beginning of the year. Even with this unusual growth, this company was able to increase operating earnings and to develop on target in Chicago, Milwaukee and Boston. White Hen also began the site analysis and selection necessary for its planned growth in Indianapolis, Indiana.

#### **The General Merchandise Stores**

In the fall of 1971, **Osco** announced a prescription pricing program (see page 10) designed to help consumers with the mystery of prescription prices. This program, which included prescription price reductions, reduced operating earnings in 1971 but is a long-term commitment that will favorably affect earnings over the years ahead. Osco reduced inventories in comparable stores by 9% as a result of specific emphasis placed on that goal by management. The Crest Photo Plant, operated by Osco for itself and other Jewel companies, continued its successful growth, significantly exceeding original estimates both in levels of sales and in earnings.

With **Turn\*Style's** ambitious growth in the last two years, its management emphasis has been placed on specialized development programs to meet current and future talent needs. In the latter part of 1971, Turn\*Style finalized plans to move its soft goods distribution center from Chicago to an expanded facility in Elgin, Illinois.

#### **Our Service Businesses**

The **Direct Marketing Division** furthered its program, begun in 1967, of operating with reduced investment. Since that date, \$11 million of investment has been withdrawn while earnings have increased. These dollars have been reinvested in other Jewel operations and in new ventures operated by the Direct Marketing Division as that company has diversified within its own field.

The **Brigham's** organization in Boston had a change in management, with Joseph F. Grimes elected President replacing Walter Y. Elisha who became Corporate Vice President for Growth and Development. During the year, Brigham's began manufacturing Natural Ice Cream, a product made only from natural ingredients such as honey, raw sugar and egg yolks. This product has met with an unusually strong initial success.

#### **Developmental Companies**

**Mass Feeding Corporation** also changed management with the appointment of Thomas F. Harwood as Executive Vice President and General Manager and Walter Y. Elisha as President. Since then, MFC, in which Jewel owns a 50% interest, has developed new menus, strengthened its marketing program and improved its processing and packaging techniques. The number of meals served during 1971 increased significantly over 1970.

**Case 'n Bottle** was formed to increase sales and earnings in liquor and related areas. The Case 'n Bottle organization not only serves the merchandising needs of Jewel Food Stores and Osco Drug liquor departments, but has developed four separate stores that operate under the Case 'n Bottle name.

Other 1971 achievements and accomplishments which are common to several of the Jewel operating companies are described elsewhere in this report.

#### **Diversified Foreign Operations**

Dividends received by Jewel in 1971 from **G. B. Entreprises**, in Belgium, and Jewel's equity in the 1971 earnings of **Midco**, in Mexico, after applicable U.S. federal income taxes, combined to increase 24% over 1970. In total, net income from these two diversified retailing companies, after imputed interest on investment, accounted for 12% of total earnings in 1971, up from 10% in 1970.

Each of these companies is now the largest retailer in its respective country. In each case, self-service food stores and department stores serve as the base for expansion to serve more customers in more ways. We believe that Jewel's long-term income from this source will continue to improve although the size of the dividend we expect from G.B. Entreprises in 1972 is questionable due to the impact of expenses from the largest new-store program in the company's history, price controls and the cost of operating in the first year of a new Value Added Tax.

At the beginning of 1971, our tomato farm in Mexico, a joint venture with our Mexican partners, was abandoned and the acreage was subdivided into lots for the development of second homes. The project was most successful, with more than 94% of the home sites having been sold by the year's end. Income to Jewel from this source was 4¢ per share in 1971.

#### **OUTLOOK FOR 1972**

In 1972 we plan some change in the growth thrust of our various companies. With the exception of Omaha for Turn\*Style and Indianapolis for Osco, the general merchandise businesses will concentrate their expansion in the markets they now serve. This reflects our desire to achieve a better balance between new market entries and total growth.

The Jewel Food Stores will begin a major expansion in the Milwaukee market and Buttrey Foods will continue its expansion into eastern Washington and Oregon. Each of our food companies will concentrate other growth efforts in filling in and developing its existing markets. In addition, many key stores will be enlarged and/or remodeled in 1972 to ensure that they continue to be outstanding in their marketing area.



During 1972, we expect to add \$49 million (excluding real estate affiliate financing) in new property, plant and equipment and working capital, primarily for stores and for manufacturing plants. Jewel's internal cash flow is expected to finance the major portion of this new investment. We are optimistic about 1972 and, barring any unforeseen events, expect another year of record sales and earnings for Jewel Companies, Inc.

### NEW DIRECTORS

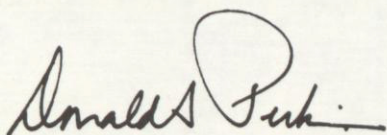
During 1971 three new Directors were added to the Jewel Board. They are Mrs. Jewel Stradford Lafontant, a prominent Chicago attorney and civic leader; Dr. Helen LeBaron Hilton, Dean of the College of Home Economics at Iowa State University; and Mr. Grant C. Gentry, an executive vice president of the Company. We welcome their counsel in the development of Jewel's efforts to better serve our customers.

### FRANKLIN J. LUNDING

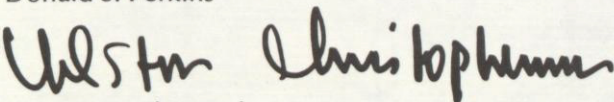
After a 40-year career with Jewel, Franklin J. Lunding, former President and Chairman of Jewel, retired from active management in December, 1971. His career spanned the period from the time the Jewel Tea Company operated only door-to-door routes, through the period of our diversification into the Jewel Food Stores in 1932, Eisner in 1957 and major diversification moves during the 1960's. Mr. Lunding's philosophy of "sharing the business" has been the foundation upon which our growth in size, in quality and in style has been developed. Mr. Lunding will remain a Director and continue to influence and guide the Company in the years ahead.

### THANKS TO JEWEL PEOPLE

This has always been a business of people with a sense of purpose, who serve with a genuine sense of appreciation. The successes of 1971 are again the accomplishments of thousands of dedicated, motivated, enthusiastic individuals whose satisfactions come from giving service, whose recognition comes in many ways...including the smiles of our customers...and whose accomplishments we are pleased to report to you in this Annual Report.



Donald S. Perkins



Weston R. Christopherson

### OBJECTIVES FOR THE 1970's

Together with the management teams of each of the Jewel companies and our foreign partners, long-range objectives have been established for the 1970's which include our expectations that...

1. We will continue to expand the services we offer the customer and to add to our capabilities in order to maintain our reputation as customer-oriented location developers and operators.
2. When the changing needs and desires of customers dictate the advisability of offering new types of stores and services, we will first consider the development of these capabilities internally.
3. When new services or stores cannot be developed internally, we will search out those companies for acquisition which will add to both the management talent of Jewel and our customer services.
4. We will continue to expand geographically into new markets, but at a rate which should enable Jewel to continue a profitable growth record while this expansion is taking place.
5. We will continue to expand our manufacturing and processing facilities where improved profitability and quality will be added.
6. We will continue our high standards of concern for people and continue to establish innovative employee benefit and development programs, policies and practices. This will include our continued special emphasis on hiring women and individuals from minority groups who have desire and potential to develop, and on furnishing them an opportunity to advance in Jewel companies on an equal basis with all Jewel people.
7. We will meet our broad social responsibilities commensurate with our financial strength. We will endeavor to enhance Jewel's reputation as a corporate citizen concerned about our communities, our customers, our suppliers and our own Jewel people.
8. We will strive to fulfill our role as the purchasing agent for our customers and will continue to search for opportunities to help our customers make better buying decisions.

All of these objectives supplement our overall desire for excellence...in the quality of the merchandise we offer...in the attractiveness of our prices...in the pleasantness and the efficiency of each shopping experience...and in the friendliness and helpfulness of Jewel people.



# MERCHANTS OF EMPATHY

"Merchants of Empathy"—one of the Jewel concepts of management—is the theme for our 1971 Annual Report because it is the essence of the year's major events in Jewel companies.

First put in writing as a declaration of Jewel philosophy by George L. Clements in 1968, empathy was defined as "entering into the feelings and spirit of others, being understanding and sympathetic toward their needs and problems, their fears and frustrations, and their hopes and ambitions." Mr. Clements went on to say "...We have found that we serve best—and profit most—when we look upon ourselves as merchants of empathy: when we think of our customers as shopping not merely for products, but for a wide variety of family satisfactions and gratifications; when we aim always to fulfill customers' needs and wants within their means."

The founders of Jewel discovered empathy more than 70 years ago when they decided to advance premiums to their coffee route customers. Shopping with Jewel, customers were able to trade out the value of the premiums, as opposed to the widespread practice of requiring customers to save coupons, redeeming them later for premiums.

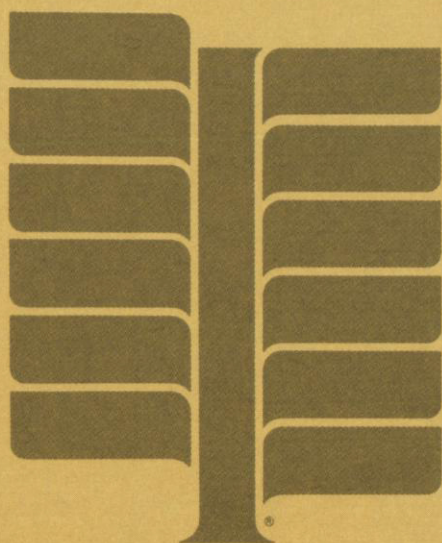
Through the years, succeeding generations of Jewel people have discovered new ways to be sincere merchants of empathy. Jewel became synonymous with good meat because 30 years ago Jewel people innovated new standards of quality to which our markets continue to discipline themselves. Meanwhile, Brigham's was responding to customers' desire for a superior ice cream. The folks at Turn\*Style responded to the challenge of empathetic merchandising by committing themselves to discounting prices without discounting quality or the pleasant shopping experience. The people in each Jewel company have a tradition of winning customer support by treating others as they themselves would like to be treated.

Yet another way to illustrate our commitment to consumer interests lies in this year's election of two outstanding women to our Board of Directors: Dr. Helen LeBaron Hilton,

Dean of the College of Home Economics at Iowa State University, and Mrs. Jewel Stradford Lafontant, prominent Chicago lawyer. In addition to their Board participation, both are now involved in consumer-oriented activities within our companies. Dr. Hilton has become a member of Jewel's company-wide Consumer Interest Committee and Mrs. Lafontant is a member of the Consumer Panel of Jewel Food Stores. Through these committees, they are in a position to bring to Jewel special insights and constructive assistance in solving problems of customer satisfaction.

In countless ways, Clements' concept of empathy is expressed by all of us in every facet of our customer relationship—service, advertising, packaging, cleanliness, product development, quality control, variety, good value at fair prices and community citizenship. We all recognize that being a merchant of empathy requires doing more than the obvious. Serving customers in this spirit is what makes every job in the business—in the stores, in the offices, or in the warehousing and delivery systems—more interesting, more purposeful, more exciting.

On the pages that follow we proudly report several of our achievements as Merchants of Empathy in 1971.





# BEHIND THE HEADLINES

## Jewel Food Stores' Price Rollback

On August 17, two days after President Nixon froze prices at their August 15 level, Jewel Food Stores' President, Harry Beckner, announced his company's decision to go beyond President Nixon's request. Jewel's response was a rollback to the lowest prices in effect between July 15 and August 15, 1971.

Jewel further promised to hold prices at this level for the rest of the year, going beyond the 90-day freeze imposed by President Nixon. By extending its price stability program through the Thanksgiving and Christmas holidays, Jewel planned to observe not only the letter, but the spirit of the President's request.

This announcement by Jewel Food Stores was picked up by wire services and made front page headlines. The impact of the announcement was heightened by the speed with which Jewel reacted—a clear-cut statement from Jewel amid requests for government clarification from nearly all other retailers.

However, the events not reported in the papers, the actions behind the scenes, are what comprise the real story of consumer-minded merchandising at Jewel Food Stores.

Long before the national "freeze" was announced on August 15, Jewel Food Stores had been planning a Fall Strategy campaign to freeze grocery prices at August levels through the end of the year.

Jewel's assessment of the mood of the consumer was that she was becoming increasingly concerned with the rise in the cost of living. As a contribution to easing the financial pressure on the consumer, Jewel planned to announce a policy whereby it would absorb any cost increases from manufacturers from the moment of announcement to the end of the year 1971. Jewel realized that holding price levels would involve even more careful inventory control and tighter expense management than its efficient organization ever had achieved. But it was felt that the job must be done, that the consumer would be responsive, and the decision to "hold prices" was

made in mid-June. The plan was to go into effect just after Labor Day.

However, as the plans took shape and as Jewel Food Stores continued to view the economic situation and the mood of the customer, they decided that they could move sooner and that they should. The kick-off of the program was set for August 26.

The President's price-freeze speech on Sunday, August 15, caught Jewel Food Stores as well as the rest of the country by surprise.

However, the strategy planners at Jewel realized that as a result of their work, they were in an excellent position to respond to President Nixon's Phase I.

Still another coincidence was responsible for exceptional press coverage of Jewel's announcement. Several days previously, a press conference had been called for Tuesday morning, August 17, at a downtown Chicago hotel. On Tuesday, Jewel was to announce a Nutritional Labeling test being inaugurated by them under the auspices of the Food and Drug Administration.

When the press conference began, the room was filled with reporters who were more intent on asking questions pertinent to the news of the day—the wage-price freeze—and its implications to Chicagoland's largest food retailer. Jewel was ready with answers that gave reporters what turned out to be the biggest news story of the day.

Those were the events leading up to the day when Jewel rolled back prices. That is the story behind the headlines. What might have appeared to be an impulsive reaction to the President's announcement was actually the culmination of several months of serious homework by the Merchants of Empathy at Jewel Food Stores.





# JEWEL VILLAGE—A STUDY IN MARKETING FLEXIBILITY

The diversified talents of Jewel Companies, Inc. are combined under one roof

Jewel's latest effort to provide pleasant, convenient shopping is found at the Jewel Village, opened November 18, 1971, in Westmont, Illinois.

The Village brings to one location most of the marketing capabilities of Jewel companies. To enhance its appeal, two non-Jewel shops (a dry cleaner and a florist) are included in this eleven-store shopping center under one roof.

The Jewel Village idea, i.e., an integrated variety of shops designed to complement each other, is not new as a marketing concept. What is unusual is that nine stores under one roof are operated by one firm, and that they are planned to maximize customer service and to minimize expensive and wasteful duplication of shops.

The specialty shops face the Jewel Food Store and the Turn\*Style, and are separated from them by a wide aisle.

Across the front of the food store are a dry cleaner, a Chef's Kitchen, a Jewel bakery and a florist.



In the Jewel Village Cards, Books 'n Things shop you'll find 1,750 "pockets" (separate compartments of the book rack) of paperback books as well as a complete line of American Greeting cards for seasonal and everyday occasions. Gift wrap, ribbon, stationery and a wide selection of party goods are also available in the shop. Novelty candles and small gift items are available if you want to buy that little extra something to go along with your card. An imprinting service will soon be offered at the Cards, Books 'n Things shop. The in-store imprinting machine will provide 24-48 hour service to personalize a customer's Christmas cards, stationery or party goods.

Facing the Turn\*Style store are Village Fashions, the Cards, Books 'n Things shop, the Stitch 'n Knit shop, the Turn\*Style pharmacy and a Case 'n Bottle liquor store.

When Jewel expands into a "village" it does not have to concern itself with the conflict inherent in a typical shopping center with multiple owners. With this unity of purpose, the Village provides consistency in service, price and quality standards. From shop to shop in the Village this consistency is reinforced and contributes to the over-all satisfaction of the shopping trip.



The Stitch 'n Knit shop is a home sewer's delight. Within the 4,000 square foot area, the shop offers a wide selection of fabrics, the complete branded line of Talon notions and trims and three pattern lines: Simplicity, McCall's and Vogue-Butterick. For hand stitchery advocates, the Stitch 'n Knit shop offers a complete line of materials for knitting, embroidery and needlepoint work. All the ladies who work at Stitch 'n Knit are home sewers themselves, so you can count on their assistance.



Jewel's Case 'n Bottle liquor store, featuring one of the largest varieties of merchandise for a store of its type, offers one-stop party shopping for liquor, snacks, cheese, glassware, rentals and banquet packs. Case 'n Bottle shoppers enjoy wide carpeted aisles, soft music, and assistance from a wine steward in selecting just the right beverage from over 1,000 wines ranging in price from 69¢ to \$50 a bottle.

Jewel Food Stores has been using the specialty shop idea since 1957. The success of the shops—the bakery shop, the sausage shop and the Chef's Kitchen—has convinced Jewel that the customer appreciates these extra services that she cannot readily find elsewhere. A "village" arrangement allows the shop concept to be used to a greater degree.

Another important advantage of the Village is the time it saves the shopper. Access to the specialty shops is quick and easy because they are placed outside of the self-service store areas and have their own check-out facilities.

The goal of the "village concept" is to increase Jewel's ability to develop a location with a wide variety of integrated services. Jewel can also reach a broader regional market than previously served. The combination of stores at Westmont is experimental. In three instances, totally new shops were introduced—Cards, Books 'n Things; Stitch 'n Knit; and Village Fashions.

There is a particular combination of store size and variety that makes sense for any given location. It is the



One of the non-Jewel shops in the Village, Mangel's Florist carries a full line of cut flowers and blooming plants. Especially popular is the shop's wide selection of green plants. The shop also carries a line of seasonal gifts, candles and incense. Mangel's provides delivery service and will transfer orders for out-of-town service.



challenge of an inter-company task force to determine the best combination of stores as additional sites are developed.

The future of "village-style" merchandising looks good because the concept is flexible. It can be developed with different services and in different locations. Shops within a village can also be changed when buying habits change—rather than when leases expire. The flexibility of the Jewel Village makes change both possible and practical, and makes it a whole lot easier to be responsive to customer needs.



Jewel's new Pier 14 offers shoppers a 20'x20' fish market right in their own grocery store. This shop will handle more than 75 fish items, including 18 varieties of fresh whole fish and 23 varieties of shellfish. Though much of the fish selection is seasonal, a variety is always available in the 12-foot iced display case. The live trout tank assures the freshest fish and provides an added attraction for ever-curious mothers' helpers.



If you are looking for the newest in fashion, Village Fashions carries the latest from Levi to Jonathan Logan. The fashion-conscious staff is trained to help the shopper find just the style she wants. After making a selection at Village Fashions, the purchase is gift wrapped at no charge. This specialty shop is independent of Turn\*Style's apparel section and is accessible both from the outside and the mall area.

**Turn\*Style**

**Jewel**

**Cleaners**

**Chef's Kitchen**

**Bakery**

**Florist**

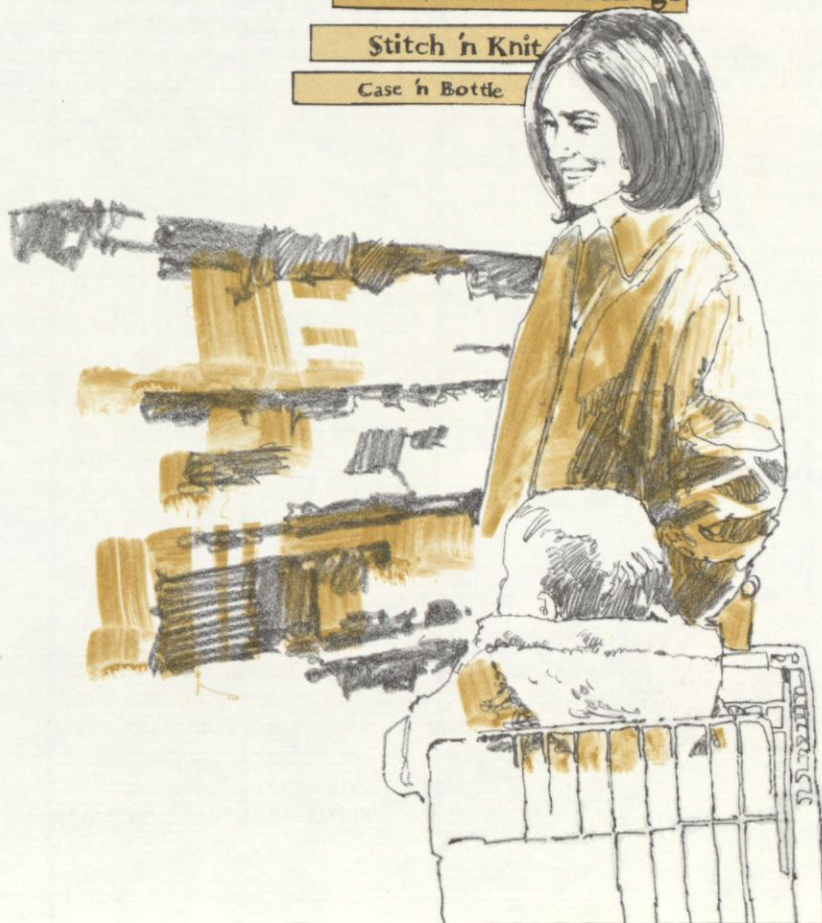
**Village Fashions**

**Pharmacy**

**Cards, Books 'n Things**

**Stitch 'n Knit**

**Case 'n Bottle**





# DRUG PRICE POSTING RECEIVES NATIONAL ATTENTION

## Osco Drug and Turn\*Style launch a consumer information program in all pharmacies

When a company initiates a merchandising plan that meets the vital needs of its customers, that plan will ultimately be successful in the marketplace. The Osco-Turn\*Style program of posting prescription prices is such a plan.

For years consumers have found it difficult to shop wisely for prescriptions. Pharmacists' professional ethics and tradition restricted the availability of needed price information. As a result, most consumers have discovered the prices of their prescriptions only after the prescriptions have been filled. State pharmacy associations and pharmacy boards have perpetuated the mystery surrounding Rx drug pricing by adopting codes and regulations and by securing passage of laws against drug price advertising.

Even before the announcement of Osco's Consumer Information Program, the antiquated statutes, rules and regulations against revealing the price of drugs had come to the attention of national consumer groups.

The Consumer Council of Boston began looking into the question of high drug prices in the summer of 1970. In a survey of 211 drug stores in the Boston area, they found that the price for a particular prescription varied from \$2.60 to \$8.00.

Government also began to focus attention on the lack of prescription price information. The U.S. Justice Department concluded in a research paper and policy statement: "Differentials such as these can only exist when they are unknown to potential customers, for given a choice, most consumers would refuse to pay ten or twelve times the going price for a drug available elsewhere."

The Boston Board of Health and Hospitals ruled on February 10, 1971, that all Boston drug stores must post the prices of the 100 most prescribed drugs.

Osco pharmacist Stephen E. Mitchell, manager of the Dorchester, Massachusetts store, was the first Boston

area pharmacist to comply with the regulation. While three independent pharmacists, and the Boston Association of Retail Druggists (comprised of independent store owners), filed suit in Superior Court against the Boston ruling, Osco management began studying the feasibility of inaugurating a nationwide consumer information program.

The consumer's right to know about pricing in advance of purchase is unquestioned in the sale of most commodities. Consumers have asked in effect: "Why should this information not be available on prescription drugs?"

Osco recognized that knowledge of drug prices would be especially beneficial to the elderly and to people who relied on "maintenance drugs" (e.g., diabetics). For these people, the right to shop and compare would save them many dollars over the span of a year.

After much deliberation, Osco decided to act on the Boston experience and to extend this informational program to other stores. In October, 1971, Osco's President Dick Cline announced that all Chicago Osco Drug Stores would post prices for the 100 most prescribed drugs. In addition, all prescriptions would be more clearly labeled with the name of the drug, its dosage and strength. Osco also acted to substantially reduce prescription prices, especially on "maintenance drug" items. One week later Osco extended the program to all its stores in 17 states. Bill Lewis, president of Turn\*Style, announced a similar program for his 16 pharmacy departments.

In 28 states there are laws against "advertising" drug prices. In posting prices Osco and Turn\*Style realized that they would be called upon to defend the legality of their position that price posting is informational and does not constitute advertising. Even if price posting were to be construed as advertising, legal counsel advised that action probably could not be constitutionally maintained by regulatory boards, which are composed largely of independent store-owning pharmacists and whose

members have a personal economic stake in any board decision.

The Consumer Information Program is not a short-term gimmick, but a long-range plan to encourage pharmacists everywhere to respond to all the needs and rights of their customers.

Osco and Turn\*Style hope that the posting of prices will become a nationwide trend and that state regulations and ethics codes which prohibit open pricing information will be ruled as contrary to the consumer's best interests.

Consumer appreciation of the program has resulted in significant increases in the number of prescriptions filled by Osco and Turn\*Style.

As anticipated, there has been strong opposition from state boards of pharmacy and independent pharmacists associations. Presently Osco is involved in court cases or appeals in three states (Illinois, Wisconsin and South Dakota). It is the contention of some of the boards of pharmacy that price posting does constitute "advertising." They argue that such a display of prices is unprofessional and demeaning to the pharmacy profession.

The Minnesota Board of Pharmacy found that price posting does not violate state pharmacy code as it "served an informational function." The North Dakota Board found Osco guilty of advertising, but a federal judge quickly ruled that Osco had been denied due process of law and voided the Board's entire proceedings.

In some states the boards have tried to stop the price posting program by threatening to suspend the personal licenses of Osco pharmacists if price signs were not taken down. In all cases to date, Osco attorneys have persuaded such action to be postponed until the validity of the price posting itself can be determined in court.

Governor William L. Guy of North Dakota officially expressed his dis-



appointment with North Dakota's State Board of Pharmacy ruling. "The public pricing of these most commonly used drugs should be a part of our competitive free enterprise system..." (AP) 11/13/71 Mandan, North Dakota *Morning Pioneer*.

National recognition for the program came first from Richard W. McLaren, then Assistant Attorney General for the antitrust division of the Justice Department, who wrote to congratulate Osco on its price posting policy. In part, McLaren said, "...restrictions on the advertising of prescription drug prices are unjustified on any grounds. In addition, it seems obvious that consumers, faced with a lack of price information, are forced in many cases to make needlessly high expenditures...We are therefore pleased to learn of the initiation of a program with the apparent potential to effectively provide much needed price information..."

Virginia Knauer, Director for President Nixon's Office of Consumer Affairs, praised Osco's attempt to break "the traditional secrecy surrounding prescription drug pricing." In this November 22 address before the American Nurses Association, she said Osco's principles "have the backing of the Justice Department and HEW."

Secretary of Health, Education and Welfare, Elliot L. Richardson is working for the repeal of state laws that prohibit drug price advertisement.

Editors across the country have voiced support for this new and long overdue consumer service. The *Chicago Tribune* and *Chicago Today* have lent their editorial support to the Osco program as have the *Minneapolis Tribune*, *The Rockford Register Republic*, *Kewanee Star Courier*, *South Bend Tribune* and many others. Most importantly, public acceptance of this informational service has been overwhelmingly favorable. Customers now have price information available when buying prescriptions. Customer needs have been met, and Osco-Turn\*Style people can be justly proud of their achievement.

**OSCO Prescription Prices**

Aspirin 250mg	10	Aspirin 500mg	20	Aspirin 750mg	30	Aspirin 1000mg	40
Aspirin 150mg	15	Aspirin 200mg	25	Aspirin 300mg	35	Aspirin 400mg	45
Aspirin 50mg	5	Aspirin 100mg	10	Aspirin 125mg	12	Aspirin 150mg	15
Aspirin 175mg	17	Aspirin 225mg	22	Aspirin 275mg	27	Aspirin 325mg	32
Aspirin 375mg	37	Aspirin 425mg	42	Aspirin 475mg	47	Aspirin 525mg	52
Aspirin 575mg	57	Aspirin 625mg	62	Aspirin 675mg	67	Aspirin 725mg	72
Aspirin 775mg	77	Aspirin 825mg	82	Aspirin 875mg	87	Aspirin 925mg	92
Aspirin 975mg	97	Aspirin 1025mg	102	Aspirin 1075mg	107	Aspirin 1125mg	112
Aspirin 1175mg	117	Aspirin 1225mg	122	Aspirin 1275mg	127	Aspirin 1325mg	132
Aspirin 1375mg	137	Aspirin 1425mg	142	Aspirin 1475mg	147	Aspirin 1525mg	152
Aspirin 1575mg	157	Aspirin 1625mg	162	Aspirin 1675mg	167	Aspirin 1725mg	172
Aspirin 1775mg	177	Aspirin 1825mg	182	Aspirin 1875mg	187	Aspirin 1925mg	192
Aspirin 1975mg	197	Aspirin 2025mg	202	Aspirin 2075mg	207	Aspirin 2125mg	212
Aspirin 2175mg	217	Aspirin 2225mg	222	Aspirin 2275mg	227	Aspirin 2325mg	232
Aspirin 2375mg	237	Aspirin 2425mg	242	Aspirin 2475mg	247	Aspirin 2525mg	252
Aspirin 2575mg	257	Aspirin 2625mg	262	Aspirin 2675mg	267	Aspirin 2725mg	272
Aspirin 2775mg	277	Aspirin 2825mg	282	Aspirin 2875mg	287	Aspirin 2925mg	292
Aspirin 2975mg	297	Aspirin 3025mg	302	Aspirin 3075mg	307	Aspirin 3125mg	312
Aspirin 3175mg	317	Aspirin 3225mg	322	Aspirin 3275mg	327	Aspirin 3325mg	332
Aspirin 3375mg	337	Aspirin 3425mg	342	Aspirin 3475mg	347	Aspirin 3525mg	352
Aspirin 3575mg	357	Aspirin 3625mg	362	Aspirin 3675mg	367	Aspirin 3725mg	372
Aspirin 3775mg	377	Aspirin 3825mg	382	Aspirin 3875mg	387	Aspirin 3925mg	392
Aspirin 3975mg	397	Aspirin 4025mg	402	Aspirin 4075mg	407	Aspirin 4125mg	412
Aspirin 4175mg	417	Aspirin 4225mg	422	Aspirin 4275mg	427	Aspirin 4325mg	432
Aspirin 4375mg	437	Aspirin 4425mg	442	Aspirin 4475mg	447	Aspirin 4525mg	452
Aspirin 4575mg	457	Aspirin 4625mg	462	Aspirin 4675mg	467	Aspirin 4725mg	472
Aspirin 4775mg	477	Aspirin 4825mg	482	Aspirin 4875mg	487	Aspirin 4925mg	492
Aspirin 4975mg	497	Aspirin 5025mg	502	Aspirin 5075mg	507	Aspirin 5125mg	512
Aspirin 5175mg	517	Aspirin 5225mg	522	Aspirin 5275mg	527	Aspirin 5325mg	532
Aspirin 5375mg	537	Aspirin 5425mg	542	Aspirin 5475mg	547	Aspirin 5525mg	552
Aspirin 5575mg	557	Aspirin 5625mg	562	Aspirin 5675mg	567	Aspirin 5725mg	572
Aspirin 5775mg	577	Aspirin 5825mg	582	Aspirin 5875mg	587	Aspirin 5925mg	592
Aspirin 5975mg	597	Aspirin 6025mg	602	Aspirin 6075mg	607	Aspirin 6125mg	612
Aspirin 6175mg	617	Aspirin 6225mg	622	Aspirin 6275mg	627	Aspirin 6325mg	632
Aspirin 6375mg	637	Aspirin 6425mg	642	Aspirin 6475mg	647	Aspirin 6525mg	652
Aspirin 6575mg	657	Aspirin 6625mg	662	Aspirin 6675mg	667	Aspirin 6725mg	672
Aspirin 6775mg	677	Aspirin 6825mg	682	Aspirin 6875mg	687	Aspirin 6925mg	692
Aspirin 6975mg	697	Aspirin 7025mg	702	Aspirin 7075mg	707	Aspirin 7125mg	712
Aspirin 7175mg	717	Aspirin 7225mg	722	Aspirin 7275mg	727	Aspirin 7325mg	732
Aspirin 7375mg	737	Aspirin 7425mg	742	Aspirin 7475mg	747	Aspirin 7525mg	752
Aspirin 7575mg	757	Aspirin 7625mg	762	Aspirin 7675mg	767	Aspirin 7725mg	772
Aspirin 7775mg	777	Aspirin 7825mg	782	Aspirin 7875mg	787	Aspirin 7925mg	792
Aspirin 7975mg	797	Aspirin 8025mg	802	Aspirin 8075mg	807	Aspirin 8125mg	812
Aspirin 8175mg	817	Aspirin 8225mg	822	Aspirin 8275mg	827	Aspirin 8325mg	832
Aspirin 8375mg	837	Aspirin 8425mg	842	Aspirin 8475mg	847	Aspirin 8525mg	852
Aspirin 8575mg	857	Aspirin 8625mg	862	Aspirin 8675mg	867	Aspirin 8725mg	872
Aspirin 8775mg	877	Aspirin 8825mg	882	Aspirin 8875mg	887	Aspirin 8925mg	892
Aspirin 8975mg	897	Aspirin 9025mg	902	Aspirin 9075mg	907	Aspirin 9125mg	912
Aspirin 9175mg	917	Aspirin 9225mg	922	Aspirin 9275mg	927	Aspirin 9325mg	932
Aspirin 9375mg	937	Aspirin 9425mg	942	Aspirin 9475mg	947	Aspirin 9525mg	952
Aspirin 9575mg	957	Aspirin 9625mg	962	Aspirin 9675mg	967	Aspirin 9725mg	972
Aspirin 9775mg	977	Aspirin 9825mg	982	Aspirin 9875mg	987	Aspirin 9925mg	992
Aspirin 9975mg	997	Aspirin 10025mg	1002	Aspirin 10075mg	1007	Aspirin 10125mg	1012
Aspirin 10175mg	1017	Aspirin 10225mg	1022	Aspirin 10275mg	1027	Aspirin 10325mg	1032
Aspirin 10375mg	1037	Aspirin 10425mg	1042	Aspirin 10475mg	1047	Aspirin 10525mg	1052
Aspirin 10575mg	1057	Aspirin 10625mg	1062	Aspirin 10675mg	1067	Aspirin 10725mg	1072
Aspirin 10775mg	1077	Aspirin 10825mg	1082	Aspirin 10875mg	1087	Aspirin 10925mg	1092
Aspirin 10975mg	1097	Aspirin 11025mg	1102	Aspirin 11075mg	1107	Aspirin 11125mg	1112
Aspirin 11175mg	1117	Aspirin 11225mg	1122	Aspirin 11275mg	1127	Aspirin 11325mg	1132
Aspirin 11375mg	1137	Aspirin 11425mg	1142	Aspirin 11475mg	1147	Aspirin 11525mg	1152
Aspirin 11575mg	1157	Aspirin 11625mg	1162	Aspirin 11675mg	1167	Aspirin 11725mg	1172
Aspirin 11775mg	1177	Aspirin 11825mg	1182	Aspirin 11875mg	1187	Aspirin 11925mg	1192
Aspirin 11975mg	1197	Aspirin 12025mg	1202	Aspirin 12075mg	1207	Aspirin 12125mg	1212
Aspirin 12175mg	1217	Aspirin 12225mg	1222	Aspirin 12275mg	1227	Aspirin 12325mg	1232
Aspirin 12375mg	1237	Aspirin 12425mg	1242	Aspirin 12475mg	1247	Aspirin 12525mg	1252
Aspirin 12575mg	1257	Aspirin 12625mg	1262	Aspirin 12675mg	1267	Aspirin 12725mg	1272
Aspirin 12775mg	1277	Aspirin 12825mg	1282	Aspirin 12875mg	1287	Aspirin 12925mg	1292
Aspirin 12975mg	1297	Aspirin 13025mg	1302	Aspirin 13075mg	1307	Aspirin 13125mg	1312
Aspirin 13175mg	1317	Aspirin 13225mg	1322	Aspirin 13275mg	1327	Aspirin 13325mg	1332
Aspirin 13375mg	1337	Aspirin 13425mg	1342	Aspirin 13475mg	1347	Aspirin 13525mg	1352
Aspirin 13575mg	1357	Aspirin 13625mg	1362	Aspirin 13675mg	1367	Aspirin 13725mg	1372
Aspirin 13775mg	1377	Aspirin 13825mg	1382	Aspirin 13875mg	1387	Aspirin 13925mg	1392
Aspirin 13975mg	1397	Aspirin 14025mg	1402	Aspirin 14075mg	1407	Aspirin 14125mg	1412
Aspirin 14175mg	1417	Aspirin 14225mg	1422	Aspirin 14275mg	1427	Aspirin 14325mg	1432
Aspirin 14375mg	1437	Aspirin 14425mg	1442	Aspirin 14475mg	1447	Aspirin 14525mg	1452
Aspirin 14575mg	1457	Aspirin 14625mg	1462	Aspirin 14675mg	1467	Aspirin 14725mg	1472
Aspirin 14775mg	1477	Aspirin 14825mg	1482	Aspirin 14875mg	1487	Aspirin 14925mg	1492
Aspirin 14975mg	1497	Aspirin 15025mg	1502	Aspirin 15075mg	1507	Aspirin 15125mg	1512
Aspirin 15175mg	1517	Aspirin 15225mg	1522	Aspirin 15275mg	1527	Aspirin 15325mg	1532
Aspirin 15375mg	1537	Aspirin 15425mg	1542	Aspirin 15475mg	1547	Aspirin 15525mg	1552
Aspirin 15575mg	1557	Aspirin 15625mg	1562	Aspirin 15675mg	1567	Aspirin 15725mg	1572
Aspirin 15775mg	1577	Aspirin 15825mg	1582	Aspirin 15875mg	1587	Aspirin 15925mg	1592
Aspirin 15975mg	1597	Aspirin 16025mg	1602	Aspirin 16075mg	1607	Aspirin 16125mg	1612
Aspirin 16175mg	1617	Aspirin 16225mg	1622	Aspirin 16275mg	1627	Aspirin 16325mg	1632
Aspirin 16375mg	1637	Aspirin 16425mg	1642	Aspirin 16475mg	1647	Aspirin 16525mg	1652
Aspirin 16575mg	1657	Aspirin 16625mg	1662	Aspirin 16675mg	1667	Aspirin 16725mg	1672
Aspirin 16775mg	1677	Aspirin 16825mg	1682	Aspirin 16875mg	1687	Aspirin 16925mg	1692
Aspirin 16975mg	1697	Aspirin 17025mg	1702	Aspirin 17075mg	1707	Aspirin 17125mg	1712
Aspirin 17175mg	1717	Aspirin 17225mg	1722	Aspirin 17275mg	1727	Aspirin 17325mg	1732
Aspirin 17375mg	1737	Aspirin 17425mg	1742	Aspirin 17475mg	1747	Aspirin 17525mg	1752
Aspirin 17575mg	1757	Aspirin 17625mg	1762	Aspirin 17675mg	1767	Aspirin 17725mg	1772
Aspirin 17775mg	1777	Aspirin 17825mg	1782	Aspirin 17875mg	1787	Aspirin 17925mg	1792
Aspirin 17975mg	1797	Aspirin 18025mg	1802	Aspirin 18075mg	1807	Aspirin 18125mg	1812
Aspirin 18175mg	1817	Aspirin 18225mg	1822	Aspirin 18275mg	1827	Aspirin 18325mg	1832
Aspirin 18375mg	1837	Aspirin 18425mg	1842	Aspirin 18475mg	1847	Aspirin 18525mg	1852
Aspirin 18575mg	1857	Aspirin 18625mg	1862	Aspirin 18675mg	1867	Aspirin 18725mg	1872
Aspirin 18775mg	1877	Aspirin 18825mg	1882	Aspirin 18875mg	1887	Aspirin 18925mg	1892
Aspirin 18975mg	1897	Aspirin 19025mg	1902	Aspirin 19075mg	1907	Aspirin 19125mg	1912
Aspirin 19175mg	1917	Aspirin 19225mg	1922	Aspirin 19275mg	1927	Aspirin 19325mg	1932
Aspirin 19375mg	1937	Aspirin 19425mg	1942	Aspirin 19475mg	1947	Aspirin 19525mg	1952
Aspirin 19575mg	1957	Aspirin 19625mg	1962	Aspirin 19675mg	1967	Aspirin 19725mg	1972
Aspirin 19775mg	1977	Aspirin 19825mg	1982	Aspirin 19875mg	1987	Aspirin 19925mg	1992
Aspirin 19975mg	1997	Aspirin 20025mg	2002	Aspirin 20075mg	2007	Aspirin 20125mg	2012
Aspirin 20175mg	2017	Aspirin 20225mg	2022	Aspirin 20275mg	2027	Aspirin 20325mg	2032
Aspirin 20375mg	2037	Aspirin 20425mg	2042	Aspirin 20475mg	2047	Aspirin 20525mg	2052
Aspirin 20575mg	2057	Aspirin 20625mg	2062	Aspirin 20675mg	2067	Aspirin 20725mg	2072
Aspirin 20775mg	2077	Aspirin 20825mg	2082	Aspirin 20875mg	2087	Aspirin 20925mg	2092
Aspirin 20975mg	2097	Aspirin 21025mg	2102	Aspirin 21075mg	2107	Aspirin 21125mg	2112
Aspirin 21175mg	2117	Aspirin 21225mg	2122	Aspirin 21275mg	2127	Aspirin 21325mg	2132
Aspirin 21375mg	2137	Aspirin 21425mg					



# BLOOMINGTON, INDIANA WELCOMES EISNER-OSCO

## Consumerism proves to be good business

How does a store go into a new area, meet established competitors head on, and make a go of it? A store does it by being something special to the customers. In Bloomington, Indiana, in December, 1970, Eisner Foods and Osco Drug opened a combination store at College Mall. In 1971, this became a very special store to the people of Bloomington.

Expressing their initial concern about entering this market, Marty Scholtens, Eisner's Vice President for Indiana, said: "We were very skeptical about the site because Bloomington was loaded with competition and because it was 180 miles from our warehouse. Frankly, we were worried about our acceptance as outsiders. Based on our usual analysis, short-term sales projections were not the best."

What couldn't be gauged in the sales projections for this new store were the feelings of the Bloomington people. Kathey McCord, copy desk chief for the *Indiana Daily Student* commented on the business climate: "This is definitely an academic community—30,000 students and 30,000 townspeople—but at least half of the townspeople work for Indiana University in some capacity. As consumers, these highly-educated people have strong opinions and expectations about retail store service."

It was through the *Indiana Daily Student*, the *Bloomington Herald Telephone* and a local TV show called "Magazine," that Bloomington residents learned about a new competitor who offered them more services and lower prices—Eisner-Osco.

Eisner's policy of unit pricing caught the attention of WTIU-TV producer John Spiros who went to the Eisner store to talk with Resident Supervisor Vic Buraglio: "Spiros wanted to know exactly what unit pricing was and how it is determined. So we sat down and had a nice, two-hour chat about it. He asked me, 'Can we do a TV story on it as part of our series on consumer affairs?' I told him that we'd be glad to. So he

brought his cameras and crew down to the store and taped it here.

"When the show was done," said Buraglio, "I happened to mention that his audience might be interested in the story of open dating. Spiros replied, 'Open dating, what's that?'"

Buraglio explained briefly, and a second show became a possibility. "In two weeks he was back, and I handed him my open dating book which explains how freshness dates are coded on various products."

Armed with this information, Spiros started checking the freshness of products in Eisner and in other Bloomington stores.

Buraglio continued: "When he brought his crew back to do the open dating show, our own Hillfarm brand milk had just gone to an actual printed date, and this really enthused him.

"After the TV show, the student newspaper and the *Herald Telephone* picked it up and we got triple coverage for all our consumer-oriented programs."

While Vic was explaining unit pricing and open dating, Osco manager Dick McCoy was contacting all the doctors of the community, introducing himself and Osco. "It was in mid-October of 1971 that Osco started to post prescription prices in Bloomington. We were averaging about 675 prescriptions per week before the drug price posting. After posting we increased to 1100 and have held there."

*Herald Telephone* reporter Vee Martin contacted many of the drug stores in town to gauge their reactions to the Osco price posting move.

Summing up her investigation, Mrs. Martin said: "The most lucid spokesman for the small pharmacies felt if pharmacy laws were changed he would be delighted to post prices. He didn't really see anything wrong with it. I think most pharmacists felt this way. They were pulling at straws to explain why they weren't posting prices now. I think they wished they'd done it first."

In July, Kathey McCord's staff at the *Indiana Daily Student* ran a price survey on grocery stores in Bloomington. Kathey reported: "On that first survey, Eisner prices were 20% lower than the store in second place."

A similar survey on general merchandise and non-prescription drugs sold in local drug stores proved Osco had the best prices in town in the "discount drug store" category. Osco was also lowest when compared with the other two categories—"chains" and "independents."

While the local *Herald Telephone* editorialized in support of the drug price posting innovation, the *Indiana Daily Student* editorialized in support of Eisner, because in Kathey McCord's words, "the store managed to be the lowest priced in town and also had unit pricing while the other stores tried to tell us that unit pricing would force their prices up.

"One store charged that Eisner was able to charge lower prices because they paid below scale wages," Kathey said, "but we were able to find out that this was not true. Also, Eisner is the only store in town that hires college students part-time."

There was so much interest in the newspaper grocery survey that the student paper made it a monthly feature. Each month the *Indiana Daily Student* ran a price check and examined a different service aspect.

Eisner's and Osco's obvious willingness to cooperate with students and consumer groups gained deserved publicity for their stores and brought in new customers. It also brought in students and professors interested in doing projects related to retail merchandising.

A professor of business law and marketing had his class do a survey to determine where college students shop and why. (Eisner came out on top). A graduate student did a check to see how many people actually use the unit pricing (as many as one-third, according to his study). A graduate



project is now being done on why Eisner-Osco located at Bloomington and what considerations went into this decision. A food placement analysis is being carried on now by a marketing class. Their findings may provide some insights into store set-up that will be of even further benefit to the Eisner-Osco operation.

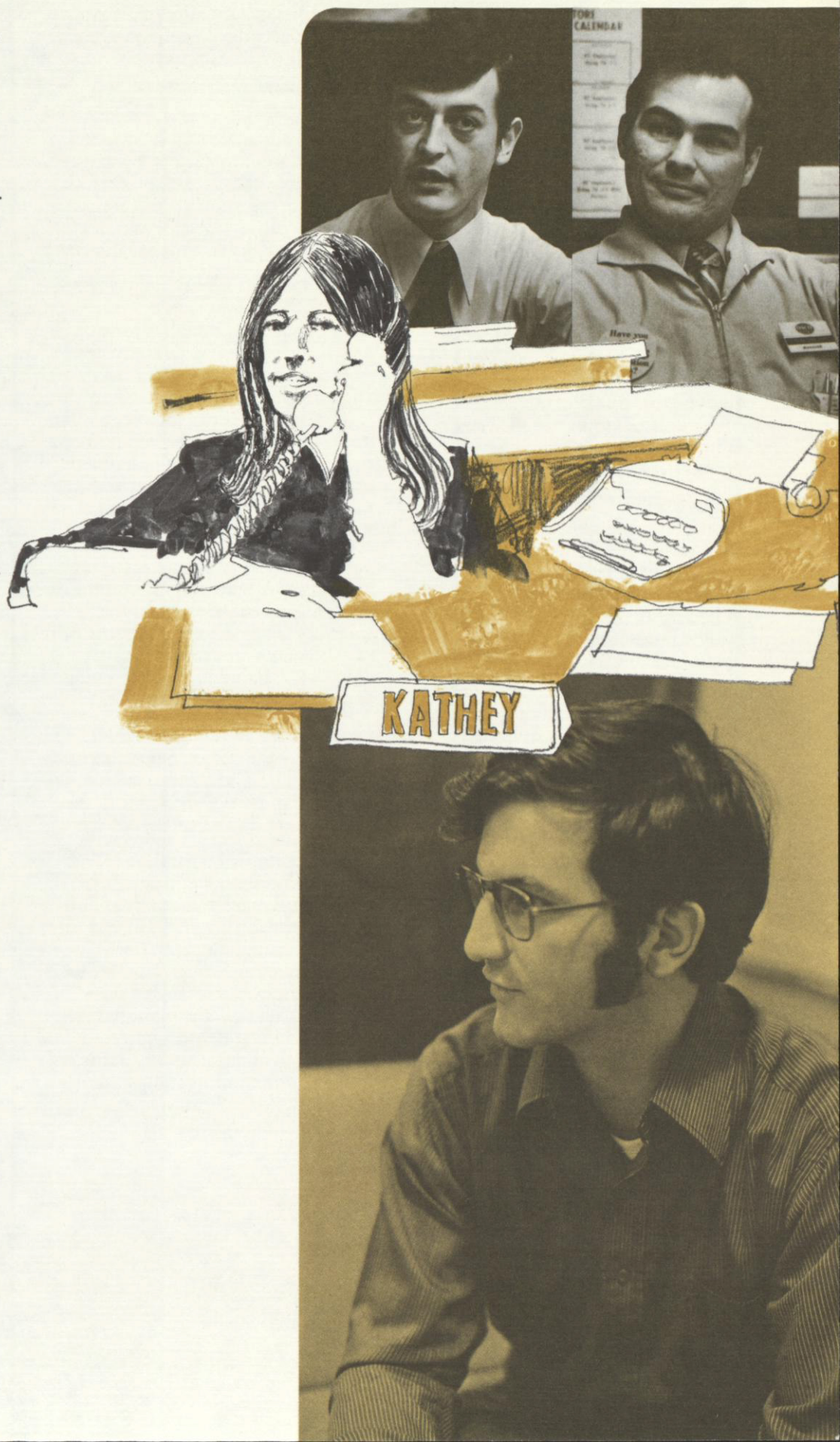
Dick McCoy, for Osco, and Vic Buraglio, for Eisner, have gone out of their way to bring a new service attitude to the people of Bloomington. The sales records of both stores clearly show that the people appreciate this new attitude. It is inevitable that students, consumers and the stores themselves will prosper from the spirit of mutual interest that has developed in Bloomington.

Top Left: Eisner Manager Vic Buraglio

Top Right: Osco Manager Dick McCoy

Kathey McCord is not the type to give her "editorial opinion" lightly. A law student, with a B.S. in Journalism, Kathey is the Midwest coordinator for Ralph Nader. Her consumer reports in the INDIANA DAILY STUDENT were thorough. She didn't miss a trick. When two stores in the area called her after the publication of one of her price comparison stories and claimed the price for an item in their store was falsified, Kathey pulled out the bag of groceries and showed them the prices as marked. Her price list stood. On the monthly price analysis, Eisner has come out number one (or tied) since the surveys began in July of '71 with only one exception. "I personally shop there because they unit price, because they have everything I want at a reasonable price and," she adds with a grin, "because when that prescription pricing sign went up on the Osco side, it made me very happy."

John Spiros is a newsman for Indiana University owned station, WTIU. His consumer show "Magazine," a regular weekly half-hour show, explored Eisner's unit pricing and open coding programs. When different merchants in Bloomington complained that the open coding information made available to Spiros was erroneous, Spiros went directly to a manufacturing plant to get the whole story. The manufacturers corroborated Eisner manager Buraglio's information and Eisner gained an ally. After that, Spiros often called Eisner to double-check his information with Vic Buraglio.





## NEW MEAT IDENTIFICATION PROGRAM

**Jewel, Star, Eisner and Buttrey take the mystery out of meat buying with a meat identity program**

The Meat Identification Program entered into by all of Jewel's super-market companies is designed to remove the mystery from meat buying.

When labeling meat packages, meat retailers have at times seemed interested in using names to disguise meat cuts rather than to identify them. Committed to the goal of helping customers make better buying decisions, Jewel food chains have taken steps to eliminate any possibility of deceptive meat labeling.

The identification program was put together through the cooperative planning of Dick Bevier of Jewel Food Stores, Les Eck of Buttrey, Carmen Lanza of Star and Ken Runyon of Eisner.

In the words of Dick Bevier, "The Meat Identity Program addresses itself to the fact that there is often a credibility gap between the consumer and the retailer when it comes to packaging. We believe that an honest presentation of product can help to close that gap."

The Meat Identification Program, announced in full-page ads January 3, 1972, has three main parts. First, easily-read meat identification charts covering beef, pork, lamb and veal are posted at the meat counters of the four supermarket companies. These charts illustrate meat cuts and indicate from what section of the animal the cut is taken.

The second part of the program is new package labeling which matches the names on the charts. The package labels state (1) the kind of meat, (2) the primary cut from that animal, and (3) the specific portion.

Third, in addition to this information at point-of-sale, all markets will have available a meat preparation booklet. The booklet, *Questions You May Ask About Jewel Meats*, gives tips on the selection and preparation of meat. Prepared by Jewel Food Stores Home Economist, Jane Armstrong, the booklet will help shoppers plan

meals that are both nutritious and economical. In response to only two Jewel Food Store ads, 26,000 booklets have been requested.

It is the hope of the Jewel super-market companies that the Meat Identification Program will remove the guesswork from meat selection. By reading the label and relating the cut to the chart, the shopper can know the exact cut of meat she is buying and the best way to prepare it.

Over a period of time, more shoppers should become aware of the large variety of meat cuts available. Most shoppers have buying knowledge of as few as ten meat cuts—yet the Beef Chart illustrates 43 different cuts, all nutritious, all with cooking instructions, and many at costs well below the more popular cuts.

The overall program of wall charts, package labels and meal planning booklets will take several months to implement in all stores of Jewel's four food chains. Some markets will change names for popular cuts. Others will be adding to their meat case some cuts not sold before.

Store people as well as shoppers will have to be educated to the change before the full advantage is seen, or "tasted," in homes throughout the four marketing areas.

The program will have its greatest impact on the buying public when the identity system is adopted and used across the country. To encourage this, on January 28th Jewel turned over the entire program to the meat industry. Meeting with Jewel in Chicago, the National Livestock and Meat Board offered to coordinate and financially underwrite a program to get these standard meat identifications accepted nationwide.

The National Association of Food Chains and The American Meat Institute asked to present the identification program at their joint national convention late in March. Also following the presentation at the Chicago meeting, twelve other grocery chains requested full information about the program. It is Jewel's belief that this self-administered program of meat identification will answer the need for honest marketing.

The time and money invested by Jewel, Star, Eisner and Buttrey in research, testing and producing the charts is looked upon as a small expenditure in light of the friends Jewel Companies can win by removing the confusion and distrust that have too long been a part of meat marketing.





# IMPROVING CHECK-OUT SERVICE

## New Scheduling and Electronic Data Gathering Improve Efficiency of Retail Operations

A real limitation to making shopping a pleasant experience is the problem of long check-out lines. While the problem has not been completely eliminated, two new programs at Jewel Companies, Inc. are demonstrating how waiting time can be reduced and front-end efficiency can be improved. The first program is the Electronic Store Information System; the second is the In-Store Payroll Scheduling System.

Over the past three years, an electronic check-out system has been developed for our retail stores called Electronic Store Information System (ESIS). But describing ESIS as simply a "check-out" system tells only part of the story. Each of the Jewel companies now participating in ESIS—Eisner, Jewel, Osco, Star and Turn\*Style—has discovered additional benefits in three major areas: production, management and sales analysis.

In low margin, high volume businesses, check-out speed has long been an area of concern. Comparison checks between mechanical registers and ESIS terminals show the electronic system to be at least 20% faster. With ESIS, volume and service standards can be improved and often the number of check-out stations can be reduced.

In addition to improved check-out, ESIS offers reduced operator fatigue, improved cash control, check verification, immediate and up-to-the-minute sales reports, reductions in operator training time, and in the case of general merchandise operation, more accurate gross margin projection.

There are two basic components to ESIS—the check-out terminal (which replaces the cash register) and the in-store computer. The terminal has a ten-key panel plus function keys designed to be operated by the touch system. It has a display screen for the operator and the customer, and also prints a paper tape receipt of the transaction.

The computer can be programmed to do a variety of operations, including tax calculation, change computa-

tion, price extension for sale of multiple items and a simple correction method for misings.

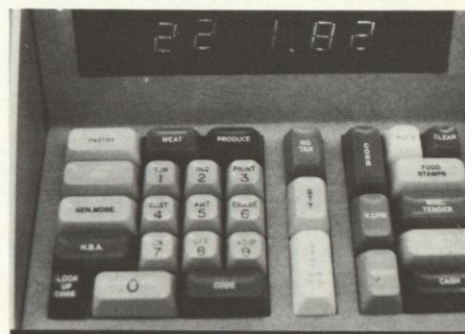
The second efficiency improvement program, the In-Store Payroll Scheduling System, started within the Jewel Food Stores, and was extended shortly thereafter to Osco Drug, Star Markets, Eisner and Turn\*Style.

The aim of the scheduling system is to eliminate lost time by learning to recognize it. The system is based on the individual, changing needs of each store and helps the store managers and department managers to organize the daily work in each department.

The Jewel Scheduling System project began in March of 1970 with the thorough study of fixed work activities, customer volume activity and work schedules in 14 Jewel Food Stores. Several former Jewel department managers were trained as scheduling coordinators. They worked with each store to determine the work load in each department and how store help should be allocated for the week. The coordinators also helped stores organize activities so their work load could be most efficiently distributed.

As "lost time" was recognized and utilized, Jewel cut operating expenses. Sizable dollar savings were realized through this approach to efficient labor utilization.

**Pat Johnston, director of public relations and personnel, demonstrates the use of the electronic check-out terminal to Eisner checker, Margaret Schriber.**





## THE STAR MARKET BUS

Star Market expands its service area into nearby communities with a bus service

It has long been assumed that distance is the major factor limiting a supermarket's service area. During 1971, Star Markets discovered the service area is limited only by the store manager's imagination.

When the only large supermarket in the town of Charlestown, Massachusetts closed last summer, Star Manager Pat McLaughlin started a free bus service to his store five miles away in the Winter Hill section of Somerville.

McLaughlin, a native of the area, reacted strongly to the plight of his Charlestown neighbors. "It may have been a hard store to manage, but these people are good, hard-working, honest citizens, and closing that store imposed a real hardship on them."

The community of Charlestown shares in the proud history of the Boston area. The U.S. frigate *Constitution* (Old Ironsides) is docked there, and there stands the Bunker Hill Monument. Today Charlestown is caught up in the painful transition of urban renewal.

The Star Market bus was chartered from the Massachusetts Bay Transit Authority and has been in operation since July of 1971. It makes seven round trips through Charlestown every Wednesday, Friday and Saturday.

Getting such a unique shopper service started was no simple task. McLaughlin brought his idea to Jack Faulkner, Cash and Service Division Head for Star, and between them they worked out details of the program.

The cost survey showed that the store would have to spend \$78 per day to charter the bus and pay the

driver. These additional customers would naturally boost sales, but the volume of Charlestown people using the bus service would have to be steady if the program was to support itself.

Star's investment for the people of Charlestown has paid off. Every week 300-400 people ride the Star Market bus. They each bring to Star an average sale of \$10.

A feeling of good will rides along with sales, and this good will has a lot to do with Pat McLaughlin himself. He knows most of the regular passengers by name. They ask him, "What's on special this week?" and "Is Margaret Moriarty going to be passing out pastry on the ride back?" "She will," Pat assures them. This added touch of Irish hospitality makes even the ride home from Star something to look forward to.

The idea of a bus for shopper convenience has already spread to nearby towns. In Waltham, Massachusetts, a city-sponsored bus brings about 30 senior citizens to Manager Don San Bento's Star Market every Thursday morning.

"At Christmas time we made little corsages for all the ladies," San Bento said. "We really had no idea it was such a big deal, but many of them told us it was the only present they would get for Christmas; they were really touched. Needless to say, so were we."

New busing programs are being worked out for the communities of Newtonville and Watertown, Massachusetts. Present plans call for the cost of the Newtonville bus program to be shared by Star and the local government.

It would appear that Pat McLaughlin, Don San Bento and the people who work with them at Star have learned the retail business well, and have learned the significance of service.

Going beyond the "limits" of their service area, these imaginative managers have added a footnote to the Star operations manual: The people who need you are the people you serve.





## THE GROWING JEWEL COMPANIES

### BRIGHAM'S

	1971	1972
Stores—beginning of year	108	118
New stores added	10	8
Stores—end of year	118	126
Store area (average square feet)	2,800	
(range, square feet)	1,100—7,100	

### BUTTREY FOODS

	1971	1972
Stores—beginning of year	35	36
New stores added	2	3
Stores closed	1	1
Stores—end of year	36	38
Store area (average square feet)	22,000	
(range, square feet)	5,600—38,200	

### DIRECT MARKETING DIVISION

	1971	1972
Businesses—beginning of year	1,803	1,764
Businesses added	1	0
Businesses closed	40	14
Businesses—end of year	1,764	1,750
Customers served	780,000	

### EISNER FOODS

	1971	1972
Stores—beginning of year	35	34
New stores added	2	3
Stores closed	3	1
Stores—end of year	34	36
Store area (average square feet)	17,000	
(range, square feet)	7,800—27,400	
Affiliate stores	43	45

### G. B. ENTREPRISES

	1971 Add.	End of 1971	Planned 1972 Add.	End of 1972
Supermarkets	17	96	10	106
Department Stores	—	10	—	10
Restaurants	19	55	6	61
Self-service Dept. Stores	13	30	5	35

### JEWEL FOOD STORES

	1971	1972
Stores—beginning of year	261	260
New stores added	12	25
Stores closed	13	9
Stores—end of year	260	276
Store area (average square feet)	17,400	
(range, square feet)	6,300—33,100	

### MASS FEEDING

	1971	1972
Packaging Modules—beginning of year	2	2
Modules—end of year	2	2

### MIDCO, S.A.

	1971 Add.	End of 1971	Planned 1972 Add.	End of 1972
Self-service Dept. Stores	3	11	—	11
Supermarkets and Warehouse Stores	5	28	3	31
Restaurants	5	12	5	17
Fashion Apparel Stores	—	1	1	2
Car Wash & Lubrication	1	1	1	2

### OSCO DRUG

	1971	1972
Stores—beginning of year	181	181
New stores added	10	14
Stores closed	10	2
Stores—end of year	181	193
Store area (average square feet)	12,800	
(range, square feet)	6,400—33,000	

### STAR MARKETS

	1971	1972
Stores—beginning of year	54	54
New stores added	0	3
Stores—end of year	54	57
Store area (average square feet)	25,200	
(range, square feet)	9,000—40,700	

### TURN\*STYLE

	1971	1972
Stores—beginning of year	20	25
New stores added	5	3
Stores—end of year	25	28
Store area (average square feet)	93,100	
(range, square feet)	40,800—111,700	

### WHITE HEN PANTRIES

	1971	1972
Stores—beginning of year	76	132
New stores added	56	76
Stores—end of year	132	208
Store area (average square feet)	2,500	



## CORPORATE OFFICERS

**Donald S. Perkins**  
Chairman, Board of Directors

**Weston R. Christopherson**  
President

**George L. Clements**  
Chairman, Executive Committee

**Grant C. Gentry**  
Executive Vice President, Administration

**Howard O. Wagner**  
Executive Vice President, Finance

**Jo H. Armstrong**  
Vice President, Coordinated Procurement

**Walter Y. Elisha**  
Vice President, Growth and Development

**Charles B. Erickson**  
Vice President, Secretary and General Counsel

**Richard E. George**  
Vice President, Financial Planning

**Clifford R. Johnson**  
Vice President, Real Estate Planning

**Robert D. Jones**  
Vice President, Public Affairs

**Vernon L. Schatz**  
Vice President, Information Systems

**Weir C. Swanson**  
Vice President, Personnel

**John N. Balch**  
Treasurer

**Walter E. Meyer**  
Controller

**Earl J. Barnes**  
Assistant Secretary

**Roger L. Galassini**  
Assistant General Counsel

**Oral Moody**  
Assistant Secretary

**Charles M. Moritz**  
Assistant Treasurer

**Jacob J. Schnur**  
Assistant Secretary

**Robert G. Ulrich**  
Assistant General Counsel

## OPERATING OFFICERS

**BRIGHAM'S**  
30 Mill Street  
Arlington, Massachusetts 02174

**President:**  
Joseph F. Grimes  
**Vice Presidents:**  
Robert J. Fick  
Gilles M. Gallant  
Robert H. Jacobson  
Norman H. Prendergast  
**Assistant Vice President:**  
William F. Horgan

**BUTTREY FOODS**  
601 Sixth Street, S.W.  
Great Falls, Montana 59401

**President:**  
Philip R. Palm  
**Vice Presidents:**  
Lester O. Eck  
Ray H. Johnson  
Eugene D. Koon  
Alvin J. Larson  
Harold J. Lund  
John J. Quinn  
Andrew Veseth

**DIRECT MARKETING DIVISION**  
Jewel Park  
Barrington, Illinois 60010

**President:**  
Marlin L. Hadley  
**Vice Presidents:**  
Lance W. Devereaux  
John B. Elliff  
Richard B. English  
Alvin P. Jorgensen  
Herman T. Landon  
Betty M. McFadden  
Robert A. Woodsome  
**Controller:**  
A. Keith Pierson

**EISNER FOOD & AGENCY STORES**  
301 E. Wilbur Heights Road  
Champaign, Illinois 61823

**President:**  
J. Winslow Smith  
**Vice Presidents:**  
Adrian F. Brown  
Edward E. Clark  
Gary E. Dillow  
Donald E. Hadley  
Arthur F. Holder  
William F. Kalbas  
Richard E. Lebo  
Martin A. Scholtens  
Leland G. Wise

**G. B. ENTREPRISES**  
2, Beddenstraat  
2000 Antwerp, Belgium  
**Chairman of the Board:**  
Maurice F. Cauwe  
**President, Operations**  
Jacques Dopchie

**JEWEL FOOD STORES**  
1955 West North Avenue  
Melrose Park, Illinois 60160

**President:**  
Harry G. Beckner  
**Executive Vice Presidents:**  
Frank L. Spreyer  
Fred A. Woerthwein  
**Group Vice Presidents:**  
James H. Henson  
Peter F. McGoldrick  
Ronald D. Peterson  
Dean R. Spencer  
Louis V. Stadler  
Edward A. Wells  
**Senior Vice Presidents:**  
Ronald L. Hileman  
Lee D. Smith

**Vice Presidents:**  
Jane M. Armstrong  
Richard H. Bevier  
Joseph A. Browne  
Joseph V. Bugos  
Thomas J. Byrne  
Andrew J. Cosentino  
Francis P. Daleiden  
Arthur T. Dalton  
Robert P. Dorsher  
Herbert A. Dotterer  
Loren D. Galbraith  
Daniel E. Josephs  
William E. Oddy  
Marjan L. Pederson  
Gerald L. Poklop  
William F. Roach  
Hans J. Schmucky  
Harry L. Segal  
Harold A. Seitz  
William J. Shannon  
Vernon M. Smith  
Ervin D. Thuerk  
Frank J. Thuy, Jr.

**Controller:**  
Kenneth A. MacKenzie  
**General Counsel:**  
P. Neill Petronella

**MASS FEEDING CORPORATION**  
2241 Pratt Boulevard  
Elk Grove Village, Illinois 60007

**President:**  
Walter Y. Elisha  
**Executive Vice President and General Manager:**  
Thomas F. Harwood  
**Executive Vice President:**  
Albert S. Sammann  
**Vice President:**  
Edward W. McQuiston  
**Treasurer:**  
Richard E. George  
**Controller:**  
James D. Beaty

**MIDCO, S. A.**  
Av. Universidad No. 936-A  
Mexico 13, D. F.  
**President:**  
Jeronimo Arango, Jr.  
**Director General:**  
Hector M. de Uriarte

**OSCO DRUG**  
3030 Cullerton Drive  
Franklin Park, Illinois 60131

**Chairman, Board of Directors:**  
George T. Hilden  
**President:**  
Richard G. Cline  
**Senior Vice President:**  
Richard C. Hilden  
**Vice Presidents:**  
William P. Altman  
Peter W. Cook\*  
Jon T. Fuglestad  
William M. Jacobs, Jr.  
James A. Johnson  
Byron K. Luke  
John P. Spurlock  
**Secretary:**  
Charles B. Erickson

\*On leave of absence as White House Fellow 1972

**STAR MARKETS**  
625 Mt. Auburn Street  
Cambridge, Massachusetts 02138

**President:**  
John M. Mugar  
**Senior Vice President:**  
Richard Diran  
**Vice Presidents:**  
Jack Der Avedisian  
Edward F. Buron  
Sumner H. Goldman  
Jack T. Hartigan  
Robert H. Jacobson  
Richard P. Johnson

**TURN\*STYLE**  
3030 Cullerton Drive  
Franklin Park, Illinois 60131

**President:**  
D. L. Lewis  
**Group Vice Presidents:**  
John Edwards  
Frank J. Tyska  
**Vice Presidents:**  
Robert E. Craighead  
Glen R. Henricks  
Joseph E. Jannotta  
Richard L. Rounds  
Gilbert J. Spencer  
Raymond A. Stone  
W. Charles Thor

**WHITE HEN PANTRIES**  
666 Industrial Drive  
Elmhurst, Illinois 60126

**President:**  
David L. Diana  
**Vice Presidents:**  
George S. Bovis  
Robert G. Robertson



# DIRECTORS, JEWEL COMPANIES, INC.

## Standing left to right

Howard O. Wagner  
 Silas S. Cathcart  
 Rilling S. Williams  
 Franklin J. Lunding  
 Grant C. Gentry  
 George L. Clements  
 James L. Allen  
 George P. Baker  
 Harry G. Beckner  
 Stanley R. Miller  
 Howard R. Rasmussen  
 William A. Gerbosi

## Seated left to right

Stephen M. DuBrul, Jr.  
 Jewel S. Lafontant  
 Donald S. Perkins  
 Weston R. Christopherson  
 Helen L. Hilton  
 John M. Mugar



## ANNUAL MEETING

The Annual Meeting of shareholders will be held at 2:00 p.m. on Wednesday, June 21, 1972 at the Marriott Motor Hotel, Chicago, Illinois.

## TRANSFER AGENTS

Manufacturers Hanover Trust Company, 4 New York Plaza, New York, New York 10015.

Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60690.

## REGISTRARS

Bankers Trust Company, 16 Wall Street, New York, New York 10015.

The First National Bank of Chicago, One First National Plaza, Chicago, Illinois 60670.

## COMMON STOCK LISTING

New York Stock Exchange  
 Midwest Stock Exchange

## CORPORATE OFFICE

O'Hare Plaza, 5725 East River Road, Chicago, Illinois 60631

This report is submitted to the shareholders of the Corporation for their information and is not intended to be used in connection with the sale of or offer to sell any securities, nor is it intended to be information to be included in a prospectus within the meaning of the provisions of the Federal Securities Act of 1933, as amended.

### James L. Allen

Honorary Chairman, Booz\*Allen & Hamilton, Inc.

### George P. Baker

Retired Dean, Harvard Graduate School of Business Administration

### Harry G. Beckner

President, Jewel Food Stores

### Silas S. Cathcart

Chairman, Illinois Tool Works, Inc.

### Weston R. Christopherson

President

### George L. Clements

Chairman, Executive Committee

### Stephen M. DuBrul, Jr.

Managing Director, Lehman Brothers Incorporated and Partner, Lehman Brothers

### Grant C. Gentry

Executive Vice President, Administration

### William A. Gerbosi

Independent Business Consultant

### Helen L. Hilton

Dean of the College of Home Economics, Iowa State University

### Jewel S. Lafontant

Partner, Stradford, Lafontant, Fisher and Cousins

### Franklin J. Lunding

Retired Chairman, Finance Committee

### Stanley R. Miller

Partner, Goldman, Sachs & Co.

### John M. Mugar

President, Star Market Co.

### Donald S. Perkins

Chairman, Board of Directors and Chief Executive Officer

### Howard R. Rasmussen

Retired Executive Vice President

### Howard O. Wagner

Executive Vice President, Finance

### Rilling S. Williams

Retired Chairman, Buttrey Foods

## COMMITTEES OF THE BOARD OF DIRECTORS:

### EXECUTIVE COMMITTEE:

G. L. Clements, Chairman  
 W. R. Christopherson  
 G. C. Gentry  
 D. S. Perkins  
 H. O. Wagner

### COMMITTEE ON SALARIES AND EMPLOYEE BENEFITS:

F. J. Lunding, Chairman  
 J. L. Allen  
 G. P. Baker  
 S. S. Cathcart  
 S. M. DuBrul, Jr.  
 W. A. Gerbosi  
 H. L. Hilton  
 J. S. Lafontant  
 S. R. Miller

### COMMITTEE ON AUDITS:

S. S. Cathcart, Chairman  
 J. L. Allen  
 G. P. Baker  
 S. M. DuBrul, Jr.  
 W. A. Gerbosi  
 S. R. Miller



